

CITY PROPOSAL #1 – SICK LEAVE PAYOUT

Proposed Language:

ARTICLE 31 SICK LEAVE PAYOUT

31.1 Members of the Federated City Employees' Retirement System hired on or before September 29, 2012, who retire with at least fifteen (15) years of service are eligible to receive, upon retirement, payout for a portion of their unused earned sick leave at the rate of:

Accrued Sick Leave Hours	Sick Leave Payout
0 – 399 Hours	50% of final hourly rate
400 – 799 Hours	60% of final hourly rate
800 – 1,200 Hours	75% of final hourly rate

~~If employee's balance is greater than 1,200 hours, employee is also eligible for a payout of 75% of the value of sick leave in excess of 1,200 hours that is earned but unused during the two (2) years prior to retirement.~~

31.2 Effective June 22, 2013, for purposes of sick leave payout, an employee's sick leave balance and hourly rate shall be frozen. This means that an employee will receive no more in sick leave payout after having met the requirements contained herein than they would have been entitled to on June 22, 2013. Any sick leave usage after June 22, 2013, will come first from the sick leave balance accrued after June 22, 2013. An employee will continue to accrue sick leave after June 22, 2013, but it may not be used for sick leave payout purposes.

For example, if an employee's hourly rate is \$40 and their sick leave balance is 1000 hours on June 22, 2013, if they meet eligibility requirements, they shall receive payout of their sick leave balance at the time of retirement using the formula above, but no more than 1000 hours and at an hourly rate of no more than \$40. This will occur even if the employee has subsequently earned more than 1000 hours in sick leave or received a pay increase so that their hourly rate is higher than \$40. In this example, if the employee does not have available sick leave to use that was accrued after June 22, 2013, and uses sick leave and reduces their sick leave balance on June 22, 2013, to 800 hours, they will only be entitled to a sick leave payout of 800 hours, regardless of any sick leave accrued after June 22, 2013. This means that if sick leave payout hours are reduced by usage, they are not able to be reestablished in the sick leave balance subject to payout.

31.3 If an employee's sick leave balance as of June 22, 2013, is greater than 1,200 hours, the employee may also be eligible for a payout of 75% of the value of sick leave in excess of 1,200 hours earned prior to June 23, 2013, but unused during the two (2) years prior to retirement. In order to receive a payout of hours greater

than 1,200, the sick leave hours must be earned prior to June 23, 2013, and unused in the prior two (2) years to retirement. All sick leave hours will be paid out at the employee's hourly rate as of June 22, 2013. No employee will be eligible for a sick leave payout over 1,200 hours after June 22, 2015.

For example, if an eligible employee retires on June 22, 2014 (one year after the sick leave payout was frozen), the employee would receive a payout of 75% of the sick leave earned but unused from June 22, 2012, to June 22, 2013. The employee would only receive one year of payment because, during the second year period prior to retirement (June 23, 2013 – June 22, 2014), the employee would not have earned any sick leave eligible for payout.

31.4 Employees hired on or after September 30, 2012, shall not be eligible for any sick leave payout.

31.35 Part-time and temporary employees *are not eligible* for this benefit.